

THE ANGUS ENERGY REPORT

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Today's pricing	HEATING OIL (JUN)	GASOLINE-RBOB (JUN)	NATURAL GAS (JUN)	CRUDE OIL (JUN)
Crude – .15 higher	HIGH 1.5369	1.7025	4.552	60.08
Products – Heat- 20 higher	LOW 1.4874	1.6500	4.276	57.81
Gasoline – 250 higher	SETTLE 1.5070	1.6679	4.449	58.85
Natural Gas - .01 higher	CHANGE +.0061	-.0123	+.147	+.35
	14 DAY RSI 62	66	69	68
	5 DAY MA 1.4966	1.6694	4.206	57.81
	9 DAY MA 1.4521	1.6098	3.921	55.74
	14 DAY MA 1.4151	1.5423	3.744	53.85

D.O.E. stats.... Crude oil stocks fell 4.63 mmbbls. Distillate stocks rose .92 mmbbls. Gasoline stocks fell 4.15 mmbbls. Refinery runs were 83.7% of capacity, up 1.6%. It is perfectly apropos to see the oil markets NOT react to a bullish inventory report. After all, as we keep seeing massive amounts of oil in inventory accompanied by increases in oil prices, why wouldn't a bullish report by met by nothing more than a yawn?

- A little deeper look might help explain. As we have been noting for quite sometime, the inventory stats, and implied demand figures continue to take a back seat to what is going on in the equity markets. Wall Street's picture of the present seems to be enough for oil traders to use to predict forward demand, and with it, changes in the price of oil. So, even with today's (in addition to last night's A.P.I. reports) seemingly supportive inventory numbers, the weak (Dow Jones Industrial Average is down almost 200 points at 1 p.m.) stock market is stymieing attempts at a rally in oil prices – at least for now.

- “Real resistance”? Although, “the charts” are really calling for resistance at a slightly higher level, there seems to be some psychological significance to the \$60 per barrel level in crude oil. We broke above that level in early trading on Tuesday, before moving lower into the settlement, and then in overnight trading, prices moved up to

NYH Barge (est.)	NYMEX #2 Oil	NYMEX #2 Oil	Jan '10 futures
05/06/09	1.4351	05/06/09 1.4713	05/06/09 1.7056
05/07/09	1.4477	05/07/09 1.4852	05/07/09 1.7120
04/08/09	1.4822	04/08/09 1.5184	04/08/09 1.7426
05/11/09	1.4659	05/11/09 1.5009	05/11/09 1.7228
05/12/09	1.4745	05/12/09 1.5070	05/12/09 1.7347

almost \$60/bbl., before again retreating. Crude prices settled yesterday at their highest prices of the year, and this is happening with ever-growing inventories. Is the market anticipating increases in demand that will start to deplete the inventory excesses, without driving prices higher? Or, is this an implicit confirmation that prices were just taken down too far during the course of the winter?

- The “other” 60. While crude oil traders wrestle with whether we will (5 words in a row starting with “W” – not too easy!) see \$60/bbl, technical analysts are looking at energy futures with Relative Strength Indexes (RSI's – on a scale of 0-100) above 60. This indicates a strong market, but one that may be approaching “overbought” status. We will have to see if today's (thus far) inability to rally on supportive news will bring the RSI's lower.

- Full speed ahead. After trading as low as \$3.25 per dekatherm less than 2 weeks ago, June natural gas futures traded as high as \$4.57 per dekatherm this morning, representing a price increase of over

40% in the last 9 trading sessions (low to high). Next winter's prices, which had been below \$5.50/dkt, have risen to about 6.40/dkt. It is well too early to say that the bottoms in energy prices are firmly in place, but IF this is the start of a summer-time rally, there is still a lot of room for prices to move (higher). However, should the wheels fall off of the Wall Street rallies; just correcting back to where we were two months ago can drop next winter's heating oil prices as much as 60 cents per gallon.

- Interesting show. Last week's AREE in Atlantic City might now have been as well

attended as some of the prior years, but it was certainly comforting to here acknowledgement (shhhh, don't tell anyone) of how strong retail margins (aside from fixed-price programs, but I won't start with that here) were this past season. All we can do is just hope that oil dealers – ultimately, their own worst enemy – don't decide that the road to success is to go out with NEW programs to attract new customers, premised solely upon undercutting their competition. It's a slippery slope that all-too-often leads to no profits for those attempting to play that game.

- How 'bout those boys from Queens!!

June (NYMEX) natural gas futures



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